

Message Text

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64

ORIGIN XMB-07

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FM SECSTATE WASHDC

TO AMCONSUL RIO DE JANEIRO

UNCLAS STATE 180650

E.O. 11652: N/A

TAGS: EFIN BR

SUBJ: ECOLL-EMPRESA DE CONSTRUCOES, S.A., SAO LUIZ

MARANHAO - FCIA POLICY NO. MT-E-10182/D-181

1. AN FCIA INSURED EXPORTER, ALLIS CHALMERS MANUFACTURING COMPANY, MILWAUKEE, SOLD CONSTRUCTION MACHINERY (CRAWLER TRACTORS AND LOADERS) TO SUBJECT BUYER. THE FINANCED PORTION IS REPRESENTED BY TWO NOTES. NOTE (A) DATED 4 SEPTEMBER 1972, AND NOTE (B) DATED 9 SEPTEMBER 1972, FACE AMOUNT \$274,716.47 AND \$175,224.30, RESPECTIVELY.

2. EACH NOTE CALLS FOR TEN SEMIANNUAL PAYMENTS, FIRST DUE DATES BEING 4 MARCH AND 9 MARCHN 1973, FOR PRINCIPAL AMOUNT OF \$27,471.71 AND \$17,522.43 RESPECTIVELY. OBLIGOR HAS PAID FIRST INSTALLMENTS.

3. BOTH NOTES ARE GUARANTEED BY RAUL NEUNSWANDER FILHO,
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BETTY MENDES BRANDAO DE ANDRADE AND FRANCISCO MENDES RIBEIRO,

JOINTLY AND SEVERALLY.

4. THE SECOND INSTALLMENT UNDER NOTE (A) FOR \$27,471.64 PLUS INTEREST AT 7.25 PERCENT DUE 4 SEPTEMBER 1973 HAS NOT BEEN PAID. UNDER NOTE (B) THE SECOND INSTALLMENT FOR \$17,522.43 PLUS INTEREST AT 7.25 PERCENT WAS DUE 9 SEPTEMBER 1973 AND PROBABLY WILL NOT BE PAID.

5. WE UNDERSTAND THAT ECOLL IS IN A VERY TIGHT FINANCIAL SITUATION. IT WAS THREE MONTHS LATE IN MAKING FIRST PAYMENT UNDER NOTES. ALLEGEDLY IT HAS SOLD SOME OF THE EQUIPMENT AND THERE ARE RUMORS ECOLL'S DIRECTORS ARE DISPOSING OF THEIR ASSETS, INCLUDING PERSONAL PROPERTY.

6. ALLIS CHALMERS HAS ATTORNEY AUGUSTO M. DIAS NETTO OF GARLAND AND STROETER, SAO PAULO ENGAGED TO OBTAIN ADDITIONAL SECURITY. WE UNDERSTAND THAT ECOLL HAS REFUSED TO GRANT A CHATTEL MORTGAGE OR A RESERVA DE DOMINIO AND THAT BILLS ARE BEING PROTESTED IN BOTH SAO LUIZ AND BELO HORIZONTE.

7. ALLIS CHALMERS REPORTS THAT THE MAJOR STOCKHOLDER OF ECOLL IS CONSTRUCTORA OTACILIO ANDRADE LTDAM, BELO HORIZONTE WHICH IN TURN IS 75 PERCENT OWNED BY SOCIEDAD MINEIRA DE ENGENHARIA LTDAM, BELO HORIZONTE. THESE COMPANIES ARE ALSO REPORTED TO PAY IRREGULARLY.

8. ALTHOUGH ALLIS CHALMERS HAS A SUBSTANTIAL (30 PERCENT) UNINSURED INTEREST, WE ARE NOT OBTAINING ENOUGH FEEDBACK EXCEPT THAT ECOLL DOES NOT COOPERATE WITH ATTORNEY NETTO AND IS IN A TIGHT POSITION. WE ARE AFRAID THAT ECOLL WILL SOON BE INSOLVENT AND THAT FOR LACK OF INFORMATION WE WILL FACE A FACIT ACCOMPLI. ANY INFORMATION THE EMBASSY COULD DEVELOP THAT MIGHT GIVE EXIMBANK THE CURRENT FACTS OF ECOLL AND THE VARIOUS GUARANTORS, THAT MIGHT ENABLE EXIMBANK TO PROTECT ITS EXPOSURE WOULD BE APPRECIATED. RUSH

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